



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 25, 2000

### **H.R. 4868**

### **Miscellaneous Trade and Technical Corrections Act of 2000**

*As ordered reported by the House Committee on Ways and Means on July 19, 2000*

#### **SUMMARY**

H.R. 4868 would make technical corrections and miscellaneous amendments to certain trade laws. CBO estimates that each of the provisions in the bill that have a budgetary effects would increase direct spending or reduce governmental receipts (revenues) by less than \$500,000 each year. Because the bill would affect direct spending and receipts, pay-as-you-go procedures would apply.

H.R. 4868 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. H.R. 4868 would impose a private-sector mandate on persons engaged in business activities involving products that contain cat or dog fur. CBO estimates that the cost of this mandate would not exceed the threshold for private-sector mandates established in UMRA (\$109 million in 2000, adjusted annually for inflation).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

##### **Revenues**

Title I of the bill would create temporary duty suspensions or reductions on certain intermediary products and chemicals imported into the United States. The bill also would provide for refunds of customs duties paid on certain imported products. In addition, the bill would prohibit the importation of products made with cat and dog fur, allow the importation of gum arabic from Sudan, and exempt the personal effects of participants in international athletic events from any customs duties. CBO estimates that each of these provisions would reduce government revenues by less than \$500,000 each year, net of income and payroll tax offsets. This estimate is based on information from the International Trade Commission, the U.S. Customs Service, and various other trade sources.

## **Spending**

Title I also would authorize the U.S. Customs Service to collect fees for the arrival of passengers on certain ferryboats and to establish a fee-for-service agreement to provide certain services at the Fort Lauderdale-Hollywood International Airport in Florida. CBO expects the Customs Service would collect and spend about \$1 million annually from the new fees, with little net impact on the budget.

Title II would make a small number of workers eligible to receive trade adjustment assistance benefits. These workers were originally authorized to receive benefits under certification number TA-W-31,402 but did not lose their jobs right away. Under current law, these workers have a limited time after the petition for certification is accepted in which to apply for these benefits. The bill would remove any limitation on the period during which benefits could be received. CBO estimates that providing trade adjustment assistance benefits to these workers would cost less than \$200,000 over the 2001-2010 period.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget and Emergency Deficit Control Act sets up procedures for legislation affecting receipts or direct spending. CBO estimates that, for pay-as-you-go purposes, H.R. 4868 would reduce receipts by less than \$500,000 a year. The effects on direct spending would also be less than \$500,000 a year.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 4868 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

H.R. 4868 would impose a private-sector mandate on persons engaged in business activities involving products that contain cat or dog fur. CBO estimates that the cost of this mandate would not exceed the threshold for private-sector mandates established in UMRA (\$109 million in 2000, adjusted annually for inflation).

This bill would prohibit all commercial activities occurring in the United States that involve products made with cat or dog fur. Such activities include the importing, exporting, merchandising, and transporting of these goods. According to the Humane Society, within

the United States there is no manufacture of products fabricated of dog and cat fur. Currently, the Department of Commerce classifies products made of cat and dog fur into categories with goods made of certain other animal skins. In 1999, the United States imported and exported \$36 million worth of products within these categories. Since products made with cat and dog fur represent a fraction of these values, the direct cost of complying with this mandate measured in lost net income would fall well below the annual threshold established in UMRA.

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